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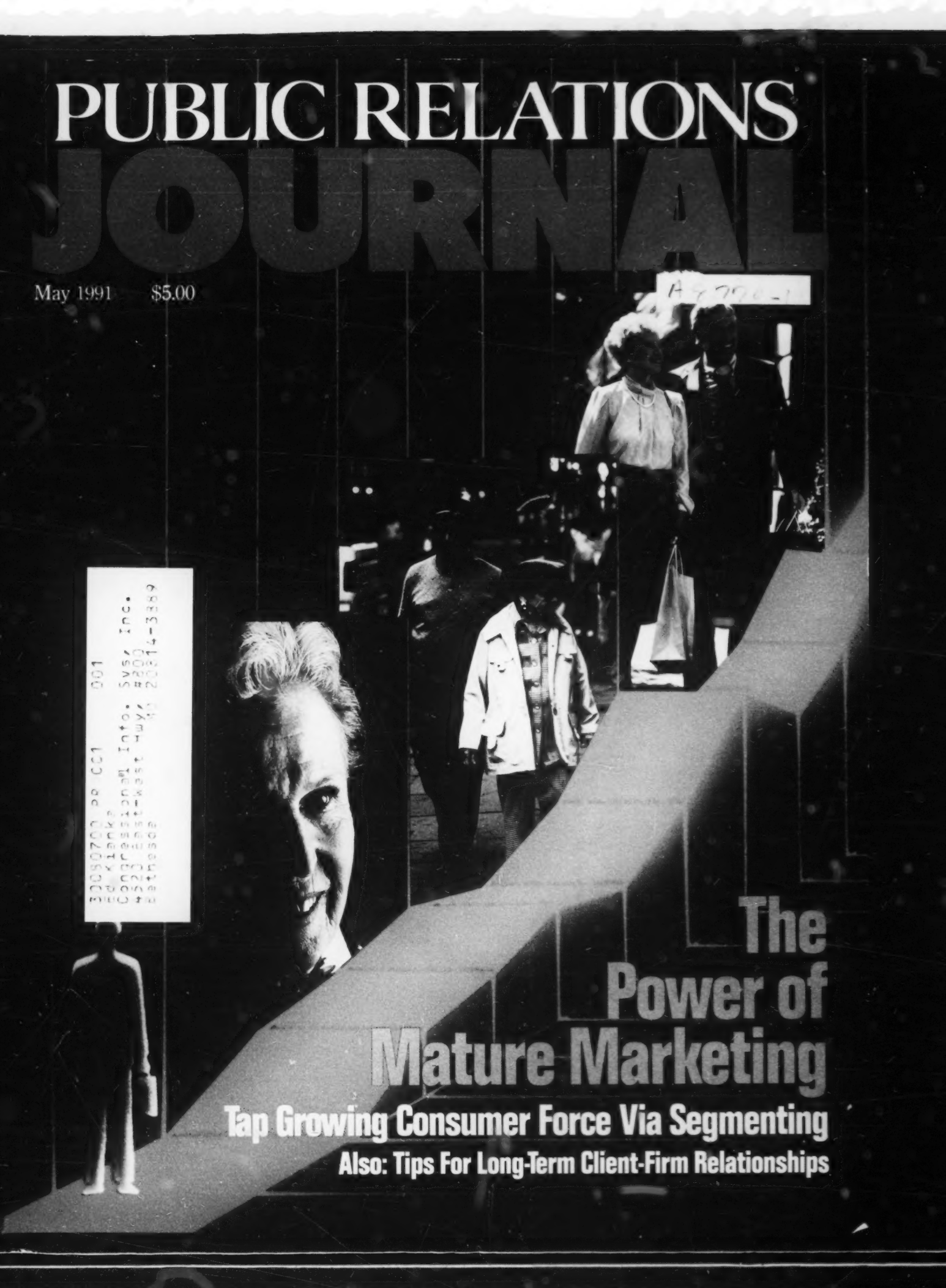

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The Power of Mature Marketing

Tap Growing Consumer Force Via Segmenting

Also: Tips For Long-Term Client-Firm Relationships

PUBLIC RELATIONS JOURNAL

May 1991 Vol. 47 No. 5

FEATURES

14 Reaching Older Audiences: Aging America Presents Communications Challenges and Opportunities

Older Americans are a growing market, with estimated discretionary income of $139 billion. To reach diverse, senior publics and take advantage of product and service marketing opportunities, practitioners must throw out common myths and stereotypes about older people and address their various life-styles.

James R. Holland

18 Segmenting Will Unleash Mature Market Potential

The senior market is diverse and complex. Four major subgroups exist, each with different concerns and values. While awareness of these differences will help communicators target each subgroup, some broad product usage and spending trends do apply.

Frank Conaway

22 Avoiding Culture Conflict: Dangers Threaten Long-Term Firm-Client Relationships

With each new business relationship comes possible pitfalls as well as opportunities. Differences in style and structure between a client and its public relations firm can lead to gaps between expectations and reality. Can aware practitioners avoid these stumbling blocks to long-term success?

Bill Doll

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Tapping the diverse senior market

New opportunities for marketing products and services to the burgeoning group of mature Americans abound today. The entire senior market has total discretionary income of as much as $150 billion, according to this issue's contributors. Yet this sleeping giant of a market has been largely untapped by marketing and public relations professionals.

By the year 2020, 52% of the U.S. population will be 65 or older, as the post-World War II "Baby Boomers" age. By 2030, more than 65% of American citizens will fall into this age group. In 1989, 31% of the U.S. population fit this age category, according to the U.S. Bureau of the Census.

Seniors are by no means a homogeneous market, our contributors note. The faces of aging America are many and varied, with people representing several generations in the vast group currently aged 50 to 100! Public relations professionals need to account for differences in income, life-style and activity as well as age to reach senior publics. *PRJ* Executive Editor Judy Gordon has done an excellent job of editing our two cover reports and the accompanying case study in this issue.

Today's seniors will live longer, healthier, more active lives. They offer an expanding market potential, yet pose unique challenges. James Holland, director of communications, American Association of Retired Persons (AARP), the major advocacy group for older Americans, describes key factors marketers must recognize when tailoring their communications programs toward this group *(page 14)*. Membership in AARP starts at age 50.

Some senior market analysts, such as Primelife's President Frank Conaway, feel that segmenting seniors by age groups is the best way to begin targeting elements of the market. By the way, his age subgroups start at 55 *(page 18)*.

Not all seniors are affluent, as the case study on marketing reverse mortgages to "house-rich, cash-poor" seniors in California illustrates *(page 16)*.

Harnessing the power of mature marketing is an activity that offers great potential profits to public relations professionals. The challenge now is for practitioners to become more mature in the nuances of the aging population and find appropriate means of addressing their wants, needs and desires.

Susan L. Fry, Editor

BRIEFINGS

EDITED BY ADAM SHELL

A look at the future of counseling

Survey of corporate clients offers glimpse of firm practice

Your counseling firm is one of the finalists for a lucrative corporate account. What attributes will set you apart from your competitors? Your large size? Your impeccable reputation? Probably not.

In fact, the top three factors clients look for when shopping for a public relations counseling firm are quality of the account executives who do the work, experience in the client's industry, and the ability to meet deadlines. *(See charts, page 12.)*

The four activities that corporate clients hired counselors to perform most last year were crisis management (51%), media relations (47%), legislative/regulatory affairs (44%), and product/service news (43%).

These are just a few of the findings of a recently completed mail survey of all 1,253 members of PRSA's Corporate Section conducted by the Counselors Academy. The nationwide survey provides invaluable information on how and why corporate clients select and use outside counseling firms. It also presents a profile of respondents' staffing and funding as well as a snapshot of what the counseling business may look like in the next decade.

The survey results were presented on April 10 at the Counselors Academy 1991 Spring Conference held in Naples, FL. The study was conducted and supervised by Dean Behrend, vice president of Dallas-based Savitz Research Center, Inc. Questionnaires were returned by 263 respondents, a response rate of 21%.

Demand is up, dollars are not

The demand for effective corporate communications is expected to increase. At the same time, the report summary noted that a spending squeeze is on and that little or no relief – even in good times – is in sight. In fact, respondents predicted that a growing number of counselors will be competing for fewer and fewer dollars in the future.

"The demand on corporations to communicate effectively with their diverse publics is not going to abate nor is the need for the independent counselor," the report summary concluded. "The main message seems to be that the need will expand but the dollars available will not, thereby putting the squeeze on both the corporate practitioner and the independent firm."

As a result, firms must pay closer attention to cost containment, the report concluded. They must also excel at specialties and niches as well as generalist work. Problem-solving skills will also be in great demand.

Advice on hiring

Overall, 72% of respondents reported using outside counseling firms. About equal proportions (21% to 23%) said they retain counsel on an annual retainer, on an "as needed" basis, or on special assignments created by unforeseen circumstances. About 25% said they were not currently using outside counsel.

Corporate clients offered plenty of advice to counselors seeking new business relationships. They urged firm practitioners to do their homework and demonstrate an expertise not found in the prospective client's organization. Clients now expect their counseling firms to bring a value-added capability to their organizations.

Firms that attract and retain top-flight professionals will also fare well. But corporate respondents stressed that they are turned off by firms that showcase a first-rate presentation team who disappear once

Continued on page 12

Magazine/newsletter: Wilderness Society; National Audubon Society

What "green" messages are credible?

"Green" marketers looking to target eco-active opinion leaders should concentrate on getting their messages into newsletters and magazines published by environmental groups. Why? Because a large percentage of consumers not only rely on these publications for information, but also give them the highest credibility ratings, according to a recent study conducted by the Scott Paper Company.

This media relations tip is just one of many cited by green marketing consultant Jacquelynn Ottman in her new book, "Environmental Consumerism: What Every Marketer Needs to Know" (Alert Publishing, Inc., 1991).

When it comes to credibility, consumers have a much harder time believing environmental claims made by manufacturers. In fact, not even 1% of respondents from the Scott study rated manufacturers as the "most credible" source of environmental information.

"This skepticism sets up a formidable hurdle for marketers," wrote Ottman. "It casts great doubt on the effectiveness of traditional public relations and advertising to communicate a company's 'greenness' to this core of activists."

The author stressed that activists, like most Americans, get most of their information from television news. But unlike less critical viewers, they place considerably less stock in these messages.

"Consumers seek out, and pay for, the information in environmental newsletters," the author wrote. "They are literally 'members' of the organizations. Consequently, there is far more involvement and belief in these newsletters than in TV news." *(Editor's note: This book will be reviewed in an upcoming issue of* PRJ.) □

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BRIEFINGS

A glimpse of firm practice

Continued from page 6

the account is secured. "Bait and switch tactics are unwelcome," the study noted. Successful counselors must also be mindful of budgets and anticipate needs rather than being reactive. A final piece of advice to counselors is "don't overpromise."

In 1990, an average of 2.4 firms were hired by each corporate client, of which 29% were engaged for the first time. The major reason cited (54%) for adding a new firm was to obtain the services of a specialist not available from a clients' other counselors. About one-third of the new firms were engaged as an addition to the clients' outside resources. Nearly 25%

> "The need for counseling will increase but the dollars available won't"

were hired for other reasons such as special events and crisis situations. Only one out of seven (15%) replaced incumbent firms.

Corporate spending dips slightly

Although most survey participants reported no change in the size of their staff in actual numbers, a slightly higher proportion of respondents reported decreases in staff as opposed to increases. Similarly, non-salary expenses – including the usage of outside counsel – were more likely to have decreased compared to a year ago.

Work awarded to firms

Activity	% of clients using external counsel
Crisis management	51%
Media relations	47%
Legislative/regulatory	44%
Product/service news	43%
Issues management	39%
Industry/trade press relations	36%
Speechwriting	34%
General news bureau	33%
Financial/investor relations	29%
Community relations	23%
Employee communications	16%

Source: Sawitz Research Center, Inc.

Why clients hire firms

Criteria	Avg. score
Ability to meet deadlines	9.3
Quality of account team	8.8
Experience in specialty	8.6
Perception of client/firm "fit"	8.6
Reputation of firm	8.5
Experience in client's industry	8.3
Stability of firm's staff	7.9
Financial stability of firm	7.7
Fee structure	7.5
Independent references	7.5
Firm presentation	7.3
Geographic proximity	6.8
Examination of portfolio	6.3
References provided by firm	6.2
Years in business	5.5
Size of firm	4.4

Source: Sawitz Research Center, Inc.

Respondents rated the importance of 16 factors on a scale of one to 10 (10 rating being highest importance).

And despite the fact that seven out of 10 respondents said their management is fully committed to public relations, a similar number reported that the commitment did not extend to full funding. "These data continue to lend support to the idea that today's corporate PR function will have to do more or the same amount of work with the same or fewer resources," the study concluded.

The next decade

Public relations in the '90s will be just as stimulating and challenging as it was in the '80s, the study predicted. However, tight corporate budgets will accelerate the demand for "meaningful measurement of PR programs" and "long-range planning."

The small independent public relations firm will have to become more specialized in order to succeed, according to the study. Corporate respondents do not see significant growth for independent firms. In addition, public affairs, government relations and issues management are not expected to become distinct practices outside the corporate communications function. □

Public relations freelancers report brisk business

Freelancers specializing in public relations report that they're very busy these days. Business is "good or better than ever," according to more than half (52%) of the 88 freelance entrepreneurs surveyed by Charet & Associates, a New York City-based executive search firm specializing in communications.

The lion's share of the work is coming from corporations. In a related Charet poll of 100 corporate communications executives, three out of four respondents said they used freelancers "sometimes or quite often."

Writing remains the top skill sought by employers. Sixty-eight percent said they use writers for either speechwriting, press releases or other communications. (*See box for other duties performed by freelancers.*)

Freelancers focus on specialties

Service	% who specialize
Writing	87%
Specialized PR for an industry (includes high-tech, health care, financial, etc.)	71%
Publicity	41%
Project management	37%
Special events	25%
Training	4%
New business presentations	4%

Source: Charet & Associates

Oddly enough, 80% of corporate respondents said they have not increased their use of freelancers during the recession. The steady demand for freelancers can be attributed to reasonable fees and the fact that many now do only public relations work. All of the freelancers polled by Charet, for example, were former firm or corporate practitioners. Most possess expertise in any number of public relations specialties ranging from high-tech to financial.

"We saw a trend in which corporations were hiring big firms less, finding that they could go directly to less expensive, entrepreneurial shops for the same quality work," noted Sandra Charet, president of the recruitment firm. □

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